



Budgeting Part II

Indiana Township Association

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Budget Division Director
September 24, 2013



Agenda

- Key Budget Concepts
- County-wide Analysis
- Comparative Analysis



Key Budget Concepts

- Fund-Level Considerations
 - Starts from June 30 of the current year
 - Total Need
 - Remaining Budget for Current Year
 - Proposed Budget for Budget Year
 - Additional Appropriations for Current Year
 - Temporary Loans



Key Budget Concepts

- Fund-Level Considerations
 - Total Revenue
 - Cash Balance as of June 30, 2013
 - Anticipated December Tax Collections
 - Estimated Miscellaneous Revenues
 - Total Need – Total Revenue = Amount to be funded through property taxes



Key Budget Concepts

- Levy
 - The amount of property tax revenue to be raised within a particular fund
- Net Assessed Value (NAV)
 - The tax base to which the levy is charged
- Tax Rate
 - The rate to be charged per \$100 of NAV



Key Budget Concepts

$$\text{Levy} / (\text{NAV}/100) = \text{Tax Rate}$$

$$\text{Tax Rate} * (\text{NAV}/100) = \text{Levy}$$

$$\text{Levy} / \text{Tax Rate} = (\text{NAV}/100)$$



Key Budget Concepts

- Maximum Levy
 - Maximum levy is the maximum amount of tax money which may be raised as determined by statute
 - Example: A county maximum levy can include funds such as General Fund, Health Fund, Reassessment Fund, and Park Fund



Key Budget Concepts

- Maximum Levy
 - Some funds are exempt from the maximum levy limitation
 - Examples: Debt funds and cumulative capital development funds are exempt from the maximum levy limitation
 - Debt Fund – Need-driven
 - Cumulative Fund – Rate-driven



Key Budget Concepts

- Assessed Value Growth Quotient
 - The percentage by which the maximum levy is allowed to grow each year
 - Based on a six-year average of non-farm personal income
 - 2014 AVGQ: 1.026



Key Budget Concepts

- Estimating Maximum Levy

2013 Working Maximum Levy	10,000
Add: 2013 CAGIT PTRC	+ 2,000
2013 Totals	12,000
Multiply: AVGQ	x 1.026
Growth-Applied Total	12,312
Subtract: 2014 CAGIT PTRC	(2,200)
2014 Maximum Levy	10,112



Key Budget Concepts

- Taxing District Rates

Unit	Tax Rate (per \$100/AV)
County	0.6000
Township	0.2000
City/Town	0.8000
School	1.0000
Library	0.0500
Special Districts	0.0200
Total Taxing District Rate	2.6700

- Special Districts = Solid Waste Management Districts, Airport Authorities, etc.



Key Budget Concepts

- Property Tax Caps
 - Determined based on the taxing district rate for each individual taxpayer
 - Reduces the amount of taxes paid by the taxpayer and available for distribution to taxing units



Key Budget Concepts

- Property Tax Caps

Gross Assessed Value	150,000
Subtract: Homestead Deduction	(45,000)
Subtract: Supplemental Homestead Deduction	(36,750)
Subtract: Mortgage Deduction	(3,000)
Net Assessed Value	65,250
Multiply: Tax Rate (per \$100/AV)	x 2.6700
Calculated Tax Bill	1,742



Key Budget Concepts

- Property Tax Caps

Gross Assessed Value	150,000
Multiply: 1% Property Tax Cap	1%
Maximum Tax Bill	1,500
Calculated Tax Bill	1,742
Maximum Tax Bill	1,500
Property Tax Cap Credit	242



Key Budget Concepts

- Property Tax Caps

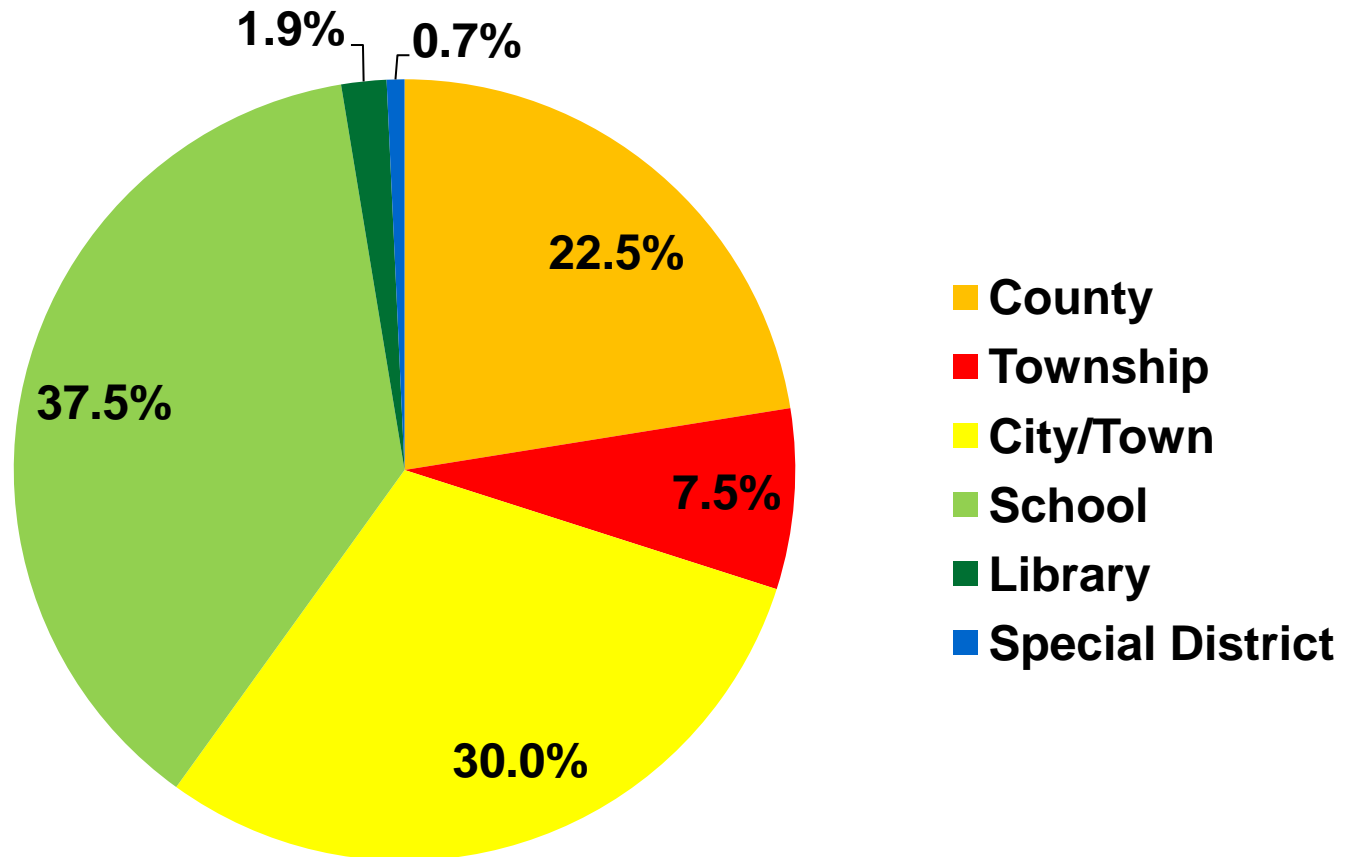
Unit	% of Bill	Calculated Bill	Actual Payment	Difference
County	22.5%	391	337	54
Township	7.5%	131	112	19
City/Town	30.0%	522	450	72
School	37.4%	652	562	90
Library	1.9%	33	28	5
Special Districts	0.7%	13	11	2
Totals		1,742	1,500	242

- Example taxing district does not include any circuit breaker exempt rates.



Key Budget Concepts

- Property Tax Caps





Key Budget Concepts

- Property Tax Caps

Unit	Tax Rate
County	0.6000
Township	0.2000
City/Town	0.8000
School	1.2000
Library	0.0500
Special Districts	0.0200
Total Taxing District Rate	2.8700



Key Budget Concepts

- Property Tax Caps

Gross Assessed Value	150,000
Subtract: Homestead Deduction	(45,000)
Subtract: Supplemental Homestead Deduction	(36,750)
Subtract: Mortgage Deduction	(3,000)
Net Assessed Value	65,250
Multiply: Tax Rate (per \$100/AV)	x 2.8700
Calculated Tax Bill	1,873



Key Budget Concepts

- Property Tax Caps

Gross Assessed Value	150,000
Multiply: 1% Property Tax Cap	1%
Maximum Tax Bill	1,500
Calculated Tax Bill	1,873
Maximum Tax Bill	1,500
Property Tax Cap Credit	373



Key Budget Concepts

- Property Tax Caps

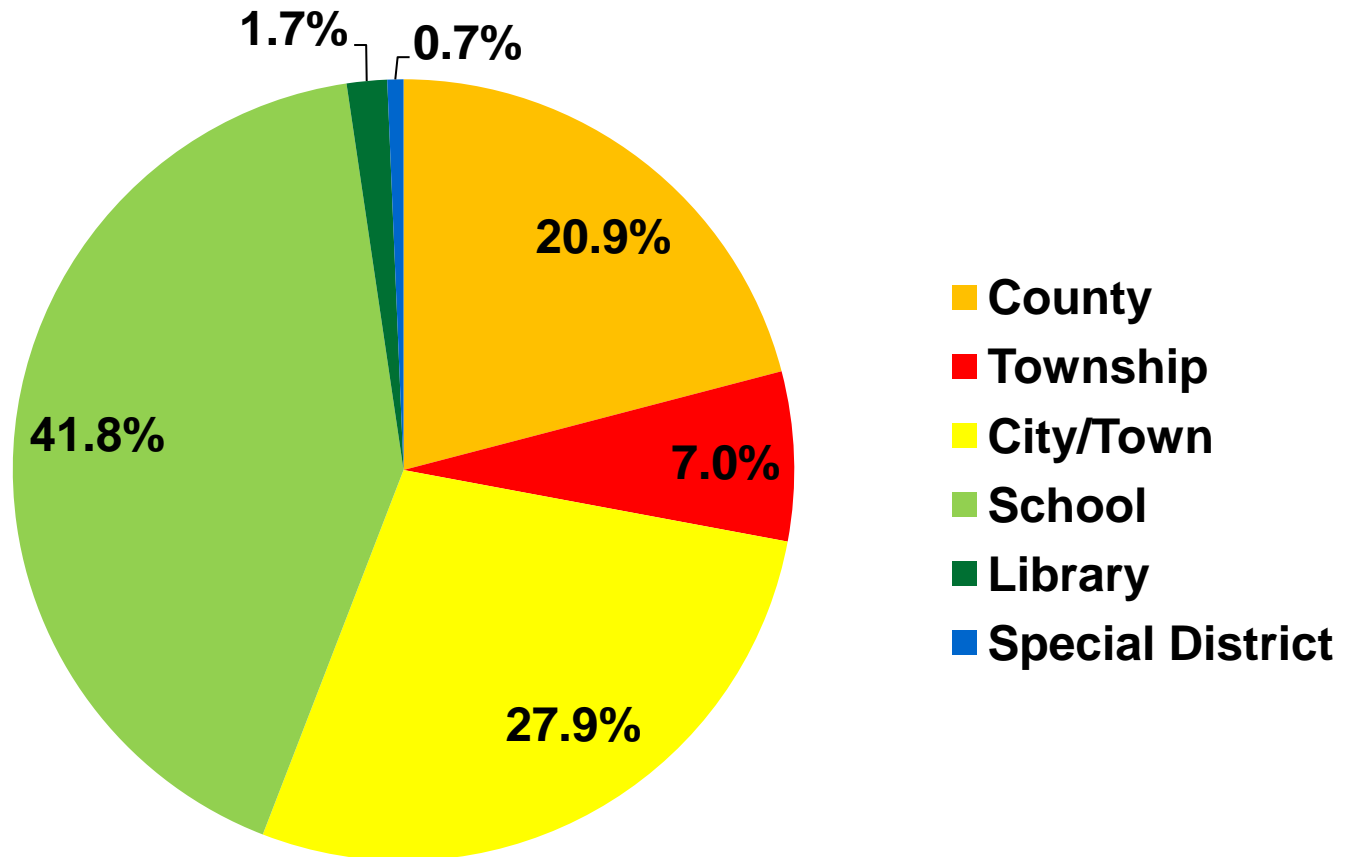
Unit	% of Bill	Calculated Bill	Actual Payment	Difference
County	20.9%	391	314	77
Township	7.0%	131	105	26
City/Town	27.9%	523	419	104
School	41.8%	783	627	156
Library	1.7%	32	25	7
Special Districts	0.7%	13	10	3
Totals		1,873	1,500	373

- Example taxing district does not include any circuit breaker exempt rates.



Key Budget Concepts

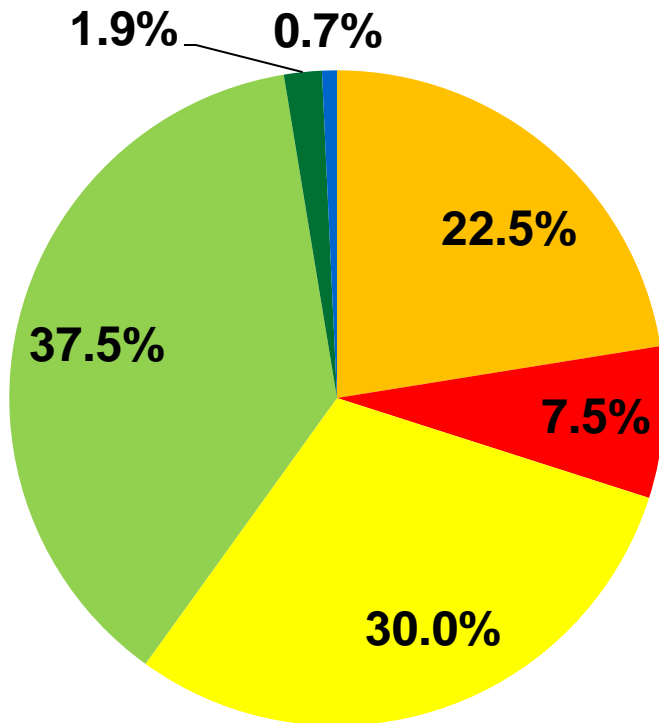
- Property Tax Caps



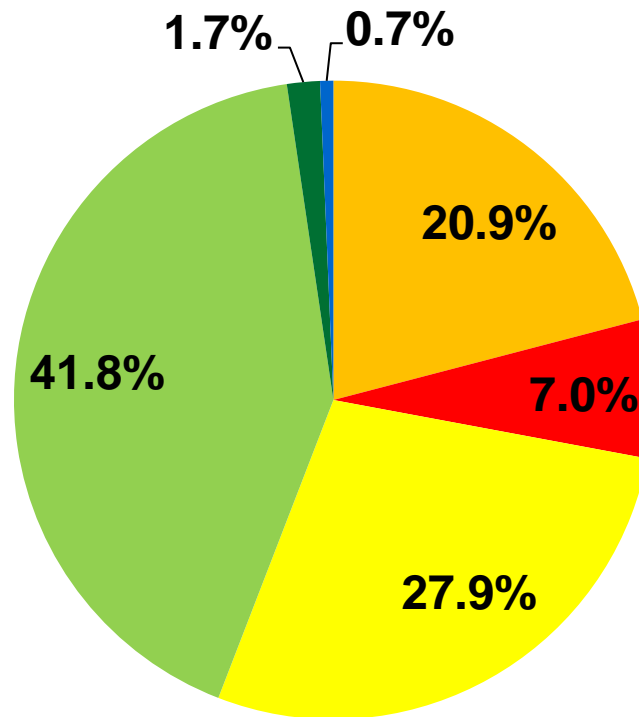


Key Budget Concepts

- Property Tax Caps



Original



Increased Tax Rate

- County
- Township
- City/Town
- School
- Library
- Special District



County-Wide Analysis

- Gateway has increased transparency of budget data for the public and taxing units.
 - <https://gateway.ifionline.org/>
- This data can be used to facilitate some comprehensive analyses of what is going on in your county in terms of levies and tax rates.



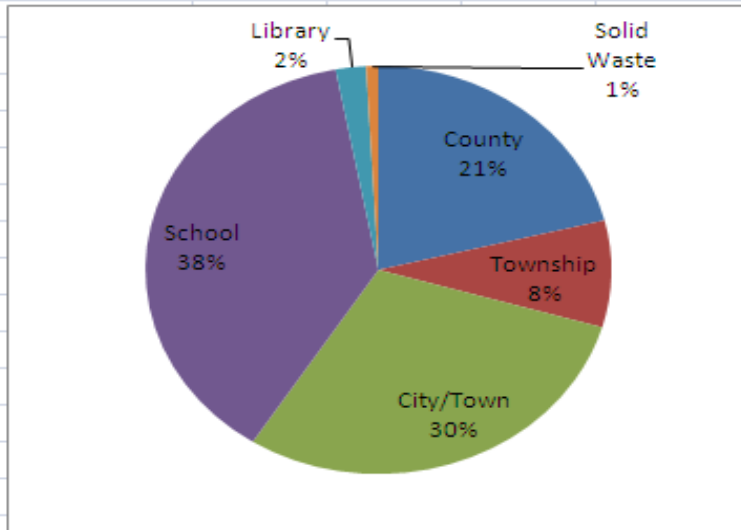
County-Wide Analysis

- As data is received from taxing units, a unit can use this data to compute anticipated impacts by taxing unit and taxing district.
 - For each taxing district, identify the included taxing units and the proposed tax rate for each unit.
 - Compare to current year tax rates.
 - Compare to current year allocation between taxing units.
 - Identify reasons for changes.
 - For taxing districts which have circuit breaker impact, how might the change in tax rate impact the circuit breaker impact?

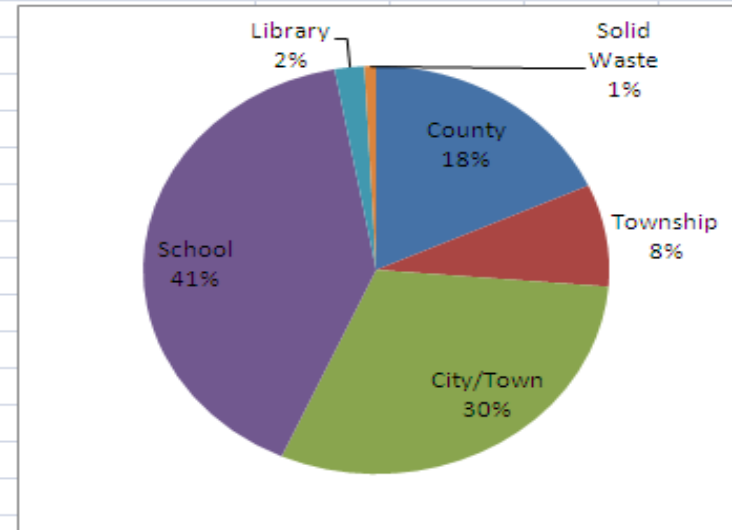


County-Wide Analysis

	A	B	C	D	E	F	G	H	I
1	Sample Analysis								
2		2013	2014	%					
3	Unit	Actual	Proposed	Change	Notes				
4	County	0.5000	0.4500	-10.00%	Using fund balances				
5	Township	0.2000	0.2000	0.00%					
6	City/Town	0.7000	0.7500	7.14%	Cumulative fund re-established				
7	School	0.9000	1.0000	11.11%	New debt - school building				
8	Library	0.0500	0.0510	2.00%					
9	Solid Waste	0.0200	0.0200	0.00%					
10									
11	Total Tax Rate	2.3700	2.4710	4.26%					
12									



2013 Actual



2014 Proposed



County-Wide Analysis

- If you or your staff would like to learn more about using Microsoft Excel for doing this type of analysis, the Department has two Excel presentations available on our website.
- [http://www.in.gov/dlgf/files/120821 -
Bussis Presentation - Excel Excellence - Beginner.pdf](http://www.in.gov/dlgf/files/120821_Bussis_Presentation_-_Excel_Excellence_-_Beginner.pdf)
- [http://www.in.gov/dlgf/files/Excel Excellence-
Intermediate.pdf](http://www.in.gov/dlgf/files/Excel_Excellence-Intermediate.pdf)
- These presentations were given at the County Assessor's Conference in August 2012.
- While you won't have the sample data, many of the tasks are broken down enough to where you can apply them in a spreadsheet you have.



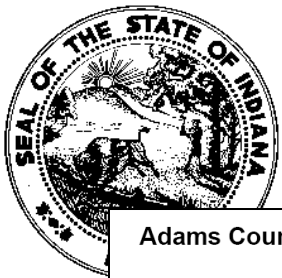
Comparative Analysis

- Another category of analysis that may be helpful is comparative analysis across units.
- While this may be most useful within the same unit type (county-to-county), there are many items for which you can also compare across unit types (technology, road and streets, etc.).
- To do this type of analysis, you can use data that is publicly available on Gateway.
- Gateway contains both budget information and actual expenditures.



Comparative Analysis

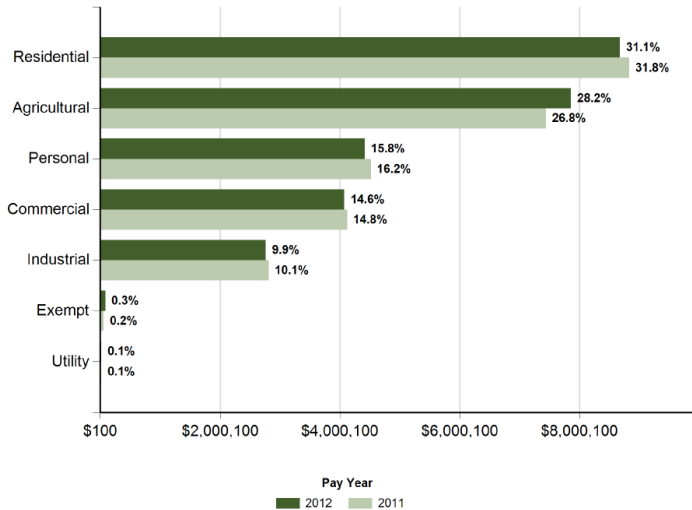
- Possible analyses across units:
 - Funding for particular services (ex. reassessment fund)
 - Outstanding debt
 - Receipts – budgeted and actual
 - Employee compensation
 - Fund balance (Line 11) as % of total budget (Line 1)
- Prepared analysis:
 - Property Tax Summaries
 - Under the Report Builder, select “Property Tax”



Comparative Analysis

Adams County

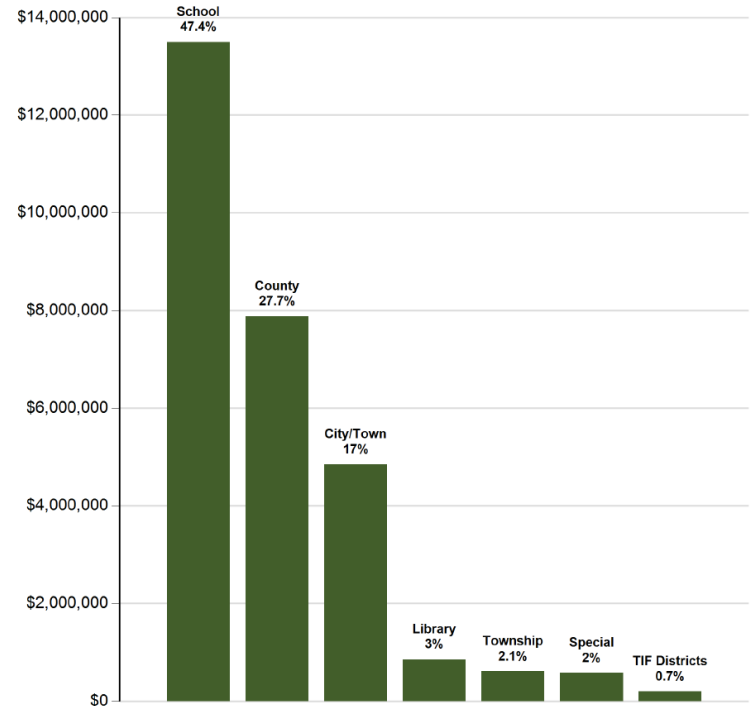
Who Pays Property Taxes



Source	2012	% Total	2011	% Total
Residential	\$8,675,056	31.1%	\$8,833,121	31.8%
Agricultural	\$7,857,453	28.2%	\$7,441,956	26.8%
Personal	\$4,417,705	15.8%	\$4,516,670	16.2%
Commercial	\$4,075,540	14.6%	\$4,121,310	14.8%
Industrial	\$2,764,427	9.9%	\$2,811,253	10.1%
Exempt	\$84,345	0.3%	\$55,066	0.2%
Utility	\$17,296	0.1%	\$17,572	0.1%

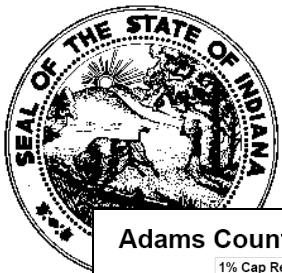
Adams County

Who Receives Property Taxes



Source	2012	% Total
School	\$13,495,512	47.4%
County	\$7,878,328	27.7%
Cities/Towns	\$4,845,896	17.0%
Library	\$855,055	3.0%
Township	\$608,020	2.1%
Special Districts	\$576,750	2.0%
TIF	\$197,019	0.7%

How Much is Received in Circuit Breaker Credits

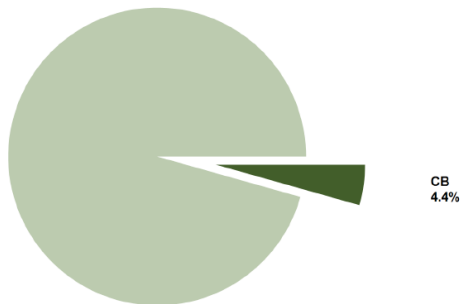


Comparative Analysis

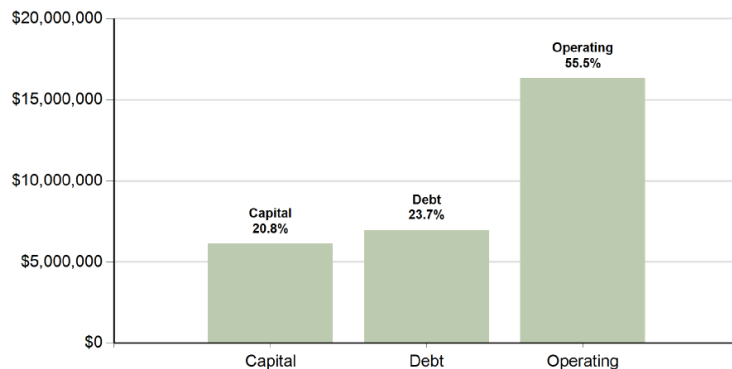
Adams County

1% Cap Recipients	2% Cap Recipients	3% Cap Recipients	65+ Cap Recipients	All CB Classifications
\$463,592	\$788,637	\$11,092	\$28,765	\$1,292,086

Circuit Breaker Credits as a Percent of Certified Levies



How Unit Budgets are Apportioned



Source	2012	% Total
Capital	\$6,118,727	20.8%
Debt	\$6,954,364	23.7%
Operating	\$16,326,431	55.5%

Property Tax Levies by Unit Within County

Adams County

Unit Name	2012 Levy	2011 Levy	Percent Change
Adams County	\$8,133,540	\$7,744,911	5.0%
Berne Public Library	\$362,430	\$342,198	5.9%
Blue Creek Township	\$21,235	\$20,572	3.2%
French Township	\$23,475	\$22,727	3.3%
Hartford Township	\$33,963	\$32,938	3.1%
Jefferson Township	\$23,073	\$22,347	3.2%
Kirkland Township	\$47,126	\$46,410	1.5%
Monroe Township	\$21,692	\$56,179	-61.4%
Preble Township	\$41,659	\$40,341	3.3%
Root Township	\$66,028	\$63,667	3.7%
St. Marys Township	\$35,369	\$34,313	3.1%
Union Township	\$41,133	\$39,616	3.8%
Wabash Township	\$55,067	\$53,041	3.8%
Washington Township	\$212,795	\$206,205	3.2%
Adams Central Community School Corp	\$2,755,731	\$3,043,223	-9.4%
North Adams Community School Corp	\$7,305,281	\$7,523,952	-2.9%
South Adams School Corporation	\$3,913,978	\$3,771,369	3.8%
Adams Public Library System	\$568,871	\$550,788	3.3%
Decatur Civil City	\$3,469,685	\$3,373,161	2.9%
Berne Civil City	\$1,116,650	\$1,117,611	-0.1%
Geneva Civil Town	\$489,153	\$475,328	2.9%
Monroe Civil Town	\$178,221	\$173,402	2.8%
Adams County Solid Waste Management	\$595,433	\$576,219	3.3%
Total	\$29,511,588	\$29,330,518	0.6%



Contact the Department

- Courtney Schaafsma, Budget Director
 - 317.234.3937 or cschaafsma@dlgf.in.gov
- Dan Jones, Assistant Budget Director
 - 317.232.0651 or djones@dlgf.in.gov
- Website: www.in.gov/dlgf
 - “Contact Us”: www.in.gov/dlgf/2338.htm.